

LOYALTY AMONG EMPLOYEES OF A IT SERVICES COMPANY- A STUDY WITH REFERENCE TO HCL TECHNOLOGIES LTD, CHENNAI

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ABSTRACT

Attrition is one of the serious problems faced by many software companies these days. At present many young people (Gen Y) possessing high level of knowledge, skills and creativity join and work in these organizations. But the priorities of the younger people, over their older colleagues appear to be in securing monetary benefits and fun on the job over having wholesome relationships at the workplace. Good cordial relationship at work between the employer and the employees and among the employees can result in happiness in the workplace. Loyalty of employees is a measure of the quality of the relationships. Faithfulness and sincerity in a relationship at the workplace results in a win-win situation and can bring benefits to all the concerned stakeholders. However, in a fast changing world, people are also changing. Monetary benefits play a dominant role in the decision making in a majority of the people. Therefore, developing and maintaining the loyalty in the workplace becomes a challenging task. Many factors influence the loyalty of the employees in the workplace. An organization has to take a serious effort to identify the factors which influence the loyalty of the employees. The present study attempts to identify the factors which influence the loyalty of employees and the measures of the level of Loyalty in HCL Technologies Ltd operating in the Chennai city. 202 employees working in the company's Chennai Unit were taken as a sample for the study. The convenience sampling technique was adopted for selecting the respondents. Questionnaire method was adopted for collection of data. Statistical tools such as 't' test, mean and standard deviation was employed for analysis of data. The article highlights the findings and conclusion of the study.

KEYWORDS: Attrition, Gen Y Employees, Happiness, Relationship, Trust, Commitment

INTRODUCTION

In the present complex and turbulent business environment, no organization can achieve success unless it functions as a team. Teamwork provides a competitive edge to an organization. John C. Maxwell (2013)¹ in his book 'Teamwork' says that "One is too small a number to achieve greatness and if you want to do anything of value, teamwork is required". Developing the team in the organization is a challenging task. A lot of qualities are needed for an employee to work in a team. Loyalty towards an organization is one of the key qualities an employee requires to effectively play the role of a team member or leader. Maintaining faithful relationships with team members makes the team stronger. Emotional attachment and involvement with the work and the organization makes the employees loyal to the organization. Loyalty maintains stability in the relationships between employer and employees and among the employees and can bring long term success to a company². Therefore, an organization has to take various efforts to develop the sense of loyalty among the employees in the organization. Furthermore, an organization has to measure the loyalty of the employees periodically to know the level of loyalty of the employees. In this article, an attempt is made to identify the factors which influence the loyalty and the level of loyalty of employees of the software company

Meaning and Definition of Employee Loyalty

Timothy Keiningham and others (2012)³ in their book “Why Loyalty Matters” define loyalty as “accepting the bonds that our relationships with others entail, and acting in a way that defends and reinforces the attachment inherent in these relationship”. John W. Newstrom and Keith Davis (1997)⁴ view the terms organizational commitment and loyalty to be the same. They define the term organizational commitment or loyalty as “the degree to which an employee identifies with the organization and wants to continue actively participating in it. Like a strong magnetic force attracting one metallic object to another, it is a measure of the employee’s willingness to remain with a firm in the future”. Maintaining a faithful relationship with the management and the employees, having an emotional attachment to the organization and providing continuous support to the organization for its development can be described as loyalty.

Statement of Problem

An organization spends huge amount for providing training and development to the employees. The company spends the money with the expectation that the employees will continue to work for the organization for long periods. When the employee leaves the company due to unavoidable reasons it can be accepted. But when the employee leaves the company just for a small monetary benefit or for a small problem with the company or others, then the question of loyalty arises. Many factors influence the loyalty of the employee. Steven L. MC Shane and others (2011)⁵ view that, “Organizations that support employee well-being tend to cultivate a higher level of loyalty in return”. Vineet Nayar former CEO of HCL Ltd says that “the culture of trust, transparency, sharing of information make the employees involved in the management process of the organization. Employees start to see the problems of the company as their problems, not just those of the management and this feeling of oneness develops loyalty”⁶. A research on employee loyalty will bring out the factors which affect the employee loyalty. This will be useful for the employers and employee to develop the loyalty in the organization.

OBJECTIVES OF STUDY

The main objectives of the study are given below:

- To identify the factors which affect the loyalty of the employees in a software company at Chennai.
- To study the level of loyalty of the employees of the software company.
- To study the association between employees’ loyalty and their demographic variables.

Methodology of the Study

The study is both descriptive and analytical nature. The study identifies and explains the factors which affect the employee loyalty and measures the level of loyalty of employees. The primary data collected from the employees of the IT Services company, HCL Technologies Ltd operates in Chennai are the sources of data for the study. Around 2,000 employees work as system analysts, programmers, and software testers in the company. Of the 2,000 employees, 202 employees were selected as respondents for the study. The convenience sampling method was adopted for selecting the respondents. Questionnaire method was adopted for collection of data. Statistical tools such as mean, standard deviation and ‘t’ test were employed for analysis of data.

Profile of the IT Services Company

The multinational IT services company, HCL Technologies Ltd, chosen for the study at Chennai is headquartered in Noida, Uttar Pradesh. Originally a research and development division of the company it emerged as an independent company in 1991 when the mother unit ventured into the software services business. The company has offices in 34 countries including US, European countries like France, and Germany and Northern Ireland in the UK. And the company is on the Forbes Global 2000 list. As on 30th June 2016 more than one lakh seven thousand employees are working all over the world and the company is having offices in different places in Chennai.

Profile of the Respondents

The present study on ‘Loyalty’ is based on the responses of the employees working in HCL Technologies Ltd in Chennai. The brief profile of the respondents is given below.

Table 1: Profile of the Respondents

Sl. No	Particulars	Classification	Number Of Respondents	Percentage
1	Age	Below 25 years	64	31.70
		25 – 35 Years	74	36.60
		35 – 45 Years	42	20.80
		Above 45 Years	22	10.90
2	Gender	Male	111	55.00
		Female	91	45.00
3	Marital Status	Single	107	53.00
		Married	95	47.00
4	Educational Qualification	Degree	111	55.00
		PG Degree	56	27.70
		Professional	35	17.30
5	Family Background	Labour	33	16.30
		Agriculture	66	32.70
		Business	31	15.30
		Profession	72	35.60
6	Family Type	Nuclear Family	107	53.00
		Joint Family	95	47.00
7	Experience in the present organization	Up to 1 Year	46	22.80
		1 -3 Years	48	23.80
		3 – 6 Years	45	22.30
		6 Years and above	63	31.20
8	Total Experience	Up to 3 Years	55	27.20
		3 – 6 Years	35	17.30
		6 – 9 Years	37	18.30
		9 Years and Above	75	37.10

Table 1 shows the classification of respondents on the basis of age, gender, marital status, educational qualification, family background, family type, experience in the present organization, and the total experience. In total 202 respondents were participated in the study. Of the 202 respondents, 36.6% of the respondents are between 25–35 years. 31.7% of respondents are below 25 years old. This indicate that majority (36.6% +31.7% =68.3%) of the respondents belong to younger generation. The classification of respondents on the basis of gender reveals that 55% of the respondents are male. The experience of the respondents in the present organization reveals that only 31.2% of the respondents have 6 years and above experience. The data on the total experience of the respondents indicate that 37.1% of the respondents

have 9 years and above experience in their service.

The educational qualification of the respondents reveals that the majority is degree holders. The family background of the respondents shows that a considerable number of respondents came from professional and agricultural family. It is interesting to note that compared to business community a significant number of people are from agricultural and labour families who have joined in the company. The data on family type indicates that majority (53%) of the respondents belong to nuclear family type.

Factors Influencing the Loyalty of Employees

One of the important objectives of the study is to identify the factors which influence the loyalty of the employees. Forty factors affecting the loyalty of the employees were listed out in the questionnaire. The respondents were asked to list out their level of agreement against each factor in a five point scale. The scoring pattern is given here. 1 point was assigned to very low level of agreement and 5 points were assigned to very high level of agreement. This section attempts to classify the factors influencing the loyalty of employees into three categories, namely, 'High', 'Moderate' and 'Low'. In the five point scale, the mean score 3 is generally taken as an average score. In this study the factors which secured mean score below 3 is taken as low level influencing factors. The factors which obtained a mean score between 3 and 4 can be taken at moderate and the factors which secured mean score 4 and above can be taken as highly influencing factors. On the basis of this score pattern, the factors which influenced the loyalty of employees at 'High' level are listed below:

Table 2: Factors Influencing the Loyalty of the Employees at High Level

Sl. No.	Factors	Mean Score	SD
1	Feeling proud to be associated with the company	4.55	0.677
2	Providing enthusiastic referrals for the company	4.15	0.833
3	Creating right forums by the company which help the star performers to share best practices with others.	4.11	0.675
4	Providing good quality products and services to the consumers	4.08	0.682
5	Feel like part of the family in the company	4.07	0.980
6	Adopting a winning strategy by the company to serve customers	4.07	0.719
7	Providing better career options and expands alternatives for best people	4.03	0.797
8	Valuing the relationship of employees, caring about them and investing in their success	4.02	0.883
9	Trusting the company's leaders to behave with fairness and integrity	4.02	0.753
10	Understanding the company's strategy and the role one has to play to achieve success	4.02	0.698
11	Knowing clearly where he/she stands in the company	4.00	0.838

Source: Primary Data

Table 2 indicates the factors which influence the loyalty of the employees at high level. Out of the 11 factors identified, employees feeling proud to be associated with the company, was ranked number one. The best employers try to make the employees feel proud to work for the company. The Great Places to Work⁷ has carried out a study in the year 2015 with over 6,641 companies across 685 multinationals and 12 million employees worldwide. The parameter the study looked is the "Trust Index" where employees ranked the statements which best described their feeling towards their

workplace. The study found that Google has been ranked as being number one- most desirable employer. Google has been ranked number one for three years in a row. Many factors contributed for the Google to become number one desirable employer. “Employees’ feeling pride in the workplace was considered important by employees. Employees who feel pride working for the company always possess a higher level of loyalty towards their organization. The lessons from Americas Best- Run Companies, reveal that “respect the individual”, “make people winners”, “ let them stand out”, and “treat people as adults” are the important ingrained philosophies of excellent companies⁸. These philosophies develop the feeling of pride among the employees.

Dr. Edward Deming, the man who taught the importance of quality to the world said that a company has to remove all the barriers to taking pride in workmanship. An employee who takes pride in workmanship generally feels proud to be associated with the company and will be loyal employees. Sharing of knowledge, providing quality products and services to the consumers, family feeling in the company, adopting winning strategy, effective career management, valuing the relationship of employees, trust, fairness and integrity of the leaders in the company, and role clarity influence the loyalty of the employees at high level. Open and direct sharing of information develops trust among the employees. Experts view that timeless principles of integrity, such as truth, fairness and responsibility continue to create the gravitational core for the organizational loyalty.

Factors Influencing the Loyalty of the Employees at Moderate Level

The previous section dealt with factors which influence the loyalty of the employees at high level. In this section, an attempt is made to identify the factors which influence the loyalty of the employees at moderate level. The factors which secured mean score between 3 and 4 were taken as factors influencing the loyalty of the employees at moderate level.

Table 3: Factors Influencing the Loyalty of the Employees at Moderate Level

Sl. No	Factors	Mean Score	SD
1	Providing opportunities for the employees to develop skills, knowledge and behavior	3.99	0.843
2	The company focuses all of its energy and resources in areas where it can be the best	3.97	0.781
3	Customers can rely on this company to deliver outstanding, quality, service and value	3.95	0.853
4	The company listens well and responds quickly to feedback from customers	3.95	0.780
5	Customer loyalty is appropriately valued and rewarded with the company	3.94	0.817
6	Understanding the values and principles that guide the company leadership	3.92	0.874
7	The company sets the standard for excellence in its industry	3.91	0.947
8	The company provides necessary information to the employees to make good decisions	3.91	0.832
9	Certainly I will work in this company two years from now	3.89	1.162
10	We keep an organizational structure simple by utilizing small teams in the company	3.89	0.910

11	Feeling a strong personal attachment to this company	3.87	0.979
Table 3: Contd.,			
12	The company has sufficient opportunities to grow its business	3.87	0.781
13	The company is committed to win-win solutions and will not profit at the expense of customers	3.87	0.764
14	The company attracts and retains outstanding employees and partners	3.86	0.878
15	The company involves the right people in decisions and then takes action quickly	3.83	0.870
16	Leaders in the company respect my time and help me to manage time effectively	3.83	0.882
17	Employee loyalty is appropriately valued and rewarded by the company	3.74	0.824
18	Feeling of very much committed to the company	3.74	0.884
19	The company has not only preached principles, but also practiced them with integrity	3.73	0.797
20	The company deserves my loyalty	3.72	0.774
21	Over the past year, my loyalty to the company has grown stronger	3.72	0.942
22	When a company has problems, I think of them as my problems too	3.69	1.010
23	People are rewarded for their contributions to company's long term success	3.69	0.807
24	Employee's desire to enhance the relationship with the company in the foreseeable future	3.68	0.804
25	The company communicates openly and honestly	3.64	0.865
26	The company listens well and responds quickly to feedback and suggestions from employees	3.60	1.028
27	The company intends to build relationship with employees on the right principles	3.58	0.862
28	It would matter a lot if I could leave the company	3.50	0.768
29	The company treats me like a real partner.	3.05	1.339

Source: Computed from Primary Data

Table 3 shows the factors which influence the loyalty of the employees at moderate level. Better opportunities to the employees for developing the knowledge and skills, customer focussed vision, providing quality goods/services to the customers, responding quickly to the customers feedback, appropriately valuing and rewarding the loyalty of the customers and employees, understanding the values and principles that guide the company leadership, setting the standard for excellence in the industry by the company, open communication system, adopting democratic approach in decision making, practising the principles preached by the company, and fair treatment of employees by the company are the major factors influencing the employees loyalty at moderate level. A close observation of mean scores of various factors indicates that many factors are very close to the highest score of four. The company can easily enhance the loyalty of the employees to the highest level by further strengthening the value system of the company. The mean scores of all variables were 3.867

and standard deviation was 0.541. This also confirms that majority of the factors influence the loyalty of the employees at moderate level only. It is also to be noted that no factor comes under the low level influencing category. Today’s customers and the employees are highly educated and have more awareness and expectations. Fulfilling the needs and expectations of customers and employees can make the employees and customers more loyal.

Level of Loyalty of the Employees

This section attempts to study the level of loyalty of employees. The score was calculated respondent wise. Forty factors were taken for the study. In the five point scale minimum one point was given to the respondents who agreed to a factor at very low level. The maximum five points were given to the factor which was agreed by respondent at very high level. The respondent who agreed for all the forty factors at very low level will get the minimum score of 40 (i.e., 40X1=40). In the same way, the respondent who agreed to all the forty factors at very high level will get the maximum score of 200 (i.e., 40X5=200). For better understanding, attempt is made to classify the respondents into three categories, namely, high, moderate and low. The respondents who scored 147 to 200 will be taken as high level loyal employees. The respondents who scored 94 to 146 will be taken as moderate level loyal employees. The respondents who scored in between 40 to 93 will be taken as low level loyal employees. The classification of respondents on this score pattern is given in table 4.

Table 4: Classification of Respondents on the Basis of Level of Loyalty

Level of Loyalty	Number of Respondents	In Percentage
High	99	49.0
Moderate	49	24.3
Low	54	26.7
Total	202	100

Source: Computed data

Table 4 shows the level of loyalty of the respondents. Out of 202 respondents 49% exhibited high level of loyalty. 24.3% respondents revealed moderate level of loyalty. Only 26.7% respondents showed low level of loyalty. The mean score of descriptive overall loyalty (Mean: 154.65 and SD = 21.64) confirms that majority employees of the IT Services company have high level of loyalty towards their company. Generally we view that Gen Y employees possess low level of loyalty towards their organizations. But the study shows that only less number of employees showed low level of loyalty.

Influence of Personal Factors of the Respondents on Loyalty

The sense of loyalty is part of the value system of individuals. Generally the value systems of individuals are formed in the formative years of individuals. Parents, relatives, friends, schools and colleges, age, experience etc. highly influence the attitude and value systems of individuals. Hence, an attempt is made in this section to find out the influence of personal factors on Loyalty of respondents. Age gender, marital status, educational qualification, family background, family type, experience in the present organization and total experience of the respondents are taken for study. One way Analysis of variance was applied to study the influence of respondent’s personal factors on Loyalty. The results of one way ANOVA along with F statistics and p-value are displayed in the table 5.

Table 5: Influence of Personal Factors on Loyalty

Personal Factors	Category	N	Mean	SD	F-Value
Age	Below 25 years	64	3.70	0.646	8.666** (p<.001)
	25 – 35 Years	74	3.87	0.561	
	35 – 45 Years	42	3.72	0.248	
	Above 45 Years	22	4.36	0.085	
Gender	Male	111	3.88	0.571	0.538 (p=.591)
	Female	91	3.84	0.503	
Marital Status	Single	107	3.82	0.607	1.127 (p=.261)
	Married	95	3.91	0.453	
Educational Qualification	Degree	111	3.79	0.592	2.702 (p=.070)
	PG Degree	56	3.90	0.413	
	Professional	35	4.03	0.522	
Family Background	Labour	33	3.65	0.758	5.747** (p<.001)
	Agriculture	66	3.85	0.438	
	Business	31	3.69	0.358	
	Profession	72	4.04	0.522	
Family Type	Nuclear Family	107	3.88	0.455	0.482 (p=.631)
	Joint Family	95	3.84	0.625	
Experience in the present organisation	Up to 1 Year	46	3.91	0.639	9.073** (p<.001)
	1 -3 Years	48	3.56	0.629	
	3 – 6 Years	45	3.86	0.407	
	6 Years and above	63	4.06	0.345	
Total Experience	Up to 3 Years	55	3.77	0.703	9.021** (p<.001)
	3 – 6 Years	35	3.81	0.529	
	6 – 9 Years	37	3.81	0.527	
	9 Years and above	75	3.98	0.383	

Source: Computed data ** Significant at 1% level

It is evident from the table 5 that the age, education, family background, experiences both in current organisation and in total has significant influence on Loyalty, whereas such significance is not noted with gender, education marital status and family type. The p value (< 0.001) shows that it is significant at 1% level. The mean scores in the above table reveals that the respondents who crossed the age of 45 years are having high loyalty level as compared with other age groups.

These days there is no significant difference in the attitude and behaviour between the male and female employees. Like gender, marital status also does not have any bearings on the loyalty of employees. It is interesting to note that the education of the respondents do not have any significant influence over level of loyalty (F=2.702, p>0.05). There is only marginal difference in the mean score between general degree holders and the professional degree holders.

The data on family background of the respondents reveal that there is a significant relationship between family background and the level of loyalty (F=5.747, p<0.05). The respondents with professional family background show better loyalty level than other groups. The family type of respondents does not have any significant relationship with their, loyalty level (F=0.482, p>0.05). Experience in the present organisation have significant influence over loyalty (F=9.073, p < 0.05). Descriptive in table 5 shows that the respondents with more experience level possess better loyalty level. Similarly, total experience of the respondents have significant influence on Loyalty level (F=9.021, p<0.05). It is also inferred that the loyalty level improves as experience increases.

CONCLUSIONS

The study throws light on various factors which affect the loyalty of the employees. The study also reveals the level of loyalty of employees of the Company. 49% of the respondents possess high level of loyalty towards their organization. Trust building, making the employees to feel proud to work for the organization, high value system in the organization, creating suitable environment to develop the sense of organizational commitment among employees, etc develop the sense of loyalty among the employees. Experts view that “employees with high organizational commitment will stretch themselves to help the organization through difficult times and employees with low organizational commitment are likely to leave at first opportunity for a better job and they have a strong intention to leave”⁹. Keeping the employees with fear and uncertainty, frequent lay off of employees, wide gap between what companies preach and practice, unethical activities of the company, ill-treatment of employees, lack of customer focussed vision, providing poor quality of product or service to the customers, lack of opportunities for growth and development in the organization etc demoralise the employees and eventually, the employees will have low level of loyalty. Organizations should take various measures to develop the sense of commitment or loyalty of the employees.

Frederick F. Reichheld (2001)¹⁰ suggested six principles of loyalty. These are: (i) play \win /win, (ii) keep picky (membership is a privilege), (iii) keep it simple, (iv) reward the right results, (v) listen hard, talk straight and (vi) preach what you practice. Adopting and practising these principles in the organization enhance the loyalty of the employees towards their organization. The empirical results show that better loyalty happens as experience improves, so the organisations have to retain the experienced employees. Loyal employees always think the success of the organization. The study revealed that the company taken up for the study have high level of loyalty towards their organization. However the analysis of the mean scores of the factors showed that majority of the factors influence the loyalty of the employees at moderate level only. Hence it is suggested that an organization by strengthening the factors affecting the loyalty can make employees highly loyal towards the organization. To put it in a nutshell, an organization should make the company to deserve loyalty from its employees. Loyalty is not a one way process. It is a two way process. Command and control system, carrot and stick policy of an organization only develops blind loyalty. Only true loyalty can withstands for longer time and provides long term benefits to the organization.

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